



Roadmap for Implementing
Michigan's New Energy Policy

Charge to the Stakeholder Group for Demand Response

The Michigan Energy Office, with grant support from the U.S. Department of Energy, is working to create a stakeholder- and research-driven roadmap that aligns electric utility business interests and customer behavior with public policy goals. The project is directed by a multiagency steering committee, informed by a multisector stakeholder group, and supported with internal agency staff and external partners.

The project steering committee has decided to start with a focus on demand response (DR). This decision was based on initial stakeholder feedback (received through surveys and discussion), the potential these programs have for addressing pressures on the utility sector, and the current political environment (i.e., this is an aspect of energy policy that isn't expected to be significantly altered by new legislation and is within the commission's regulatory authority). The process we will use to explore this topic can be replicated on other topics once there is more legislative certainty.

Specifically, the charge to the stakeholder group is to provide the steering committee with answers to the following questions.

- ❖ Would it be valuable for the Michigan Public Service Commission to conduct a potential study for demand response programs in Michigan? If so, what questions should be explored in this study?
- ❖ How should customers be compensated for participation in DR programs, and what should the penalties or other approaches to ensure adequate performance be?
- ❖ How should utilities be compensated for delivering DR programs?
- ❖ What type of measurement and verification methodology should be used for DR performance?
- ❖ What changes to Michigan's regulatory framework should be made to make it easier and more advantageous for customers to take advantage of demand response and for utilities to offer demand response options?